

MAKING ECOLABELLING RELEVANT TO THE DEVELOPING WORLD

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ABSTRACT

The role of market incentives in supporting the move towards sustainable seafood production is increasingly being demonstrated in the real world although the level of documentation is relatively poor. Market demand is strongest in western Europe where the greatest effort has been made by organisations such as the MSC to prove the concept that certification and labelling can be a positive tool. However, there is a need to ensure that suppliers in developing countries can be assured of access in an appropriate fashion. The MSC has made major progress towards ensuring developing country access via its systems development and outreach programs.

Key words: ecolabelling, certification, developing world,

INTRODUCTION

Certification and ecolabelling are two concepts that have burst onto the world fisheries stage in the past ten years and created considerable interest and comment – both positive and negative (see references in [1]). The two concepts can operate independently or be linked – some certification programs operate without a consumer facing label and there are a number of examples of ecolabels that are simply self promotion. Some organisations such as the Marine Stewardship Council link a certification program to a consumer label and, furthermore, the certification program explicitly seeks improvements in fisheries management.

Certification is a process of ensuring that a standard has been met and is increasingly used in the seafood world, especially in terms of verifying quality and traceability. In terms of sustainability, certification is increasingly viewed positively irrespective of the marketing advantages. A variety of reasons have been put forward including third party verification of performance, creation of incentives for improvement and improving relationships with the wider community.

It is the link between the growing demand for ecolabelled seafood and certification systems that seek continuous improvement that has attracted a growing number of industry and government bodies to view in a more positive light the potential for certification to improve fisheries management.

In many countries in the Asia Pacific region the status of fisheries is of deep concern ([2], [3]). Inadequate fisheries management can be found at all scales of production ranging from artisanal fisheries to major industrial fisheries. Overfishing, for example, has significant impacts on coastal communities in terms of food security and employment and has economy wide implications for fishing dependent nations such as some of the Pacific Island States ([4]). For many of the inshore fisheries rampant coastal development with its associated pollution and destruction of key fish habitats is placing even greater stress on fisheries ([5]).

This paper explores recent growth in the Marine Stewardship Council as the largest (as defined by number of fisheries, total tonnage of certified fish and number of labeled products available) seafood ecolabelling program in the world and specifically focuses on its growing relevance to developing country fisheries and fisheries in the Asia Pacific region. The future application of certification and labelling as a fisheries management tool is canvassed for fisheries in the Asia Pacific region.

GLOBAL GROWTH

The MSC has experienced very significant growth over the past two years, both in terms of numbers of fisheries involved in the certification program and the number of products available in the market place (see Figures 1 and 2). As of the time of writing there were over 100 fisheries worldwide that were involved in the fisheries certification program (either certified or in full assessment – the main assessment phase of the MSC process). There are particular concentrations in Europe and the western United States, both of which are areas in which the MSC has invested heavily.

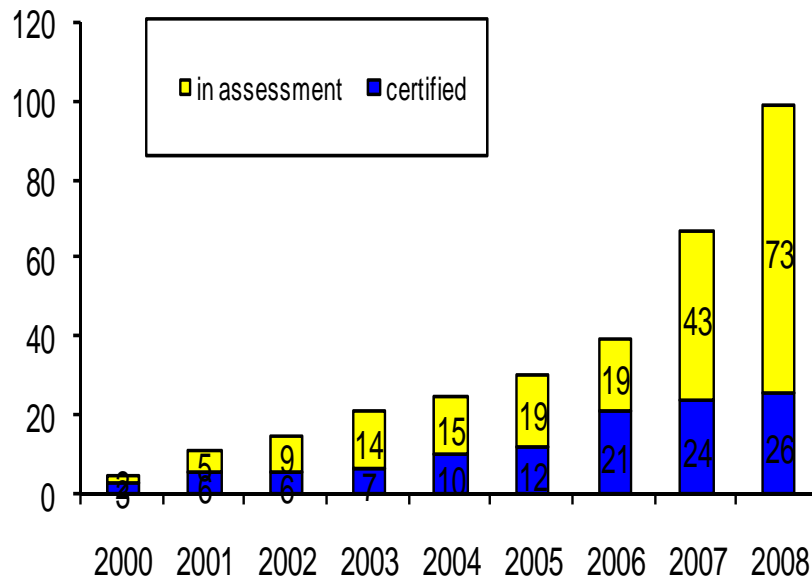


Figure 1 – Growth of fisheries certified or in MSC full assessment phase

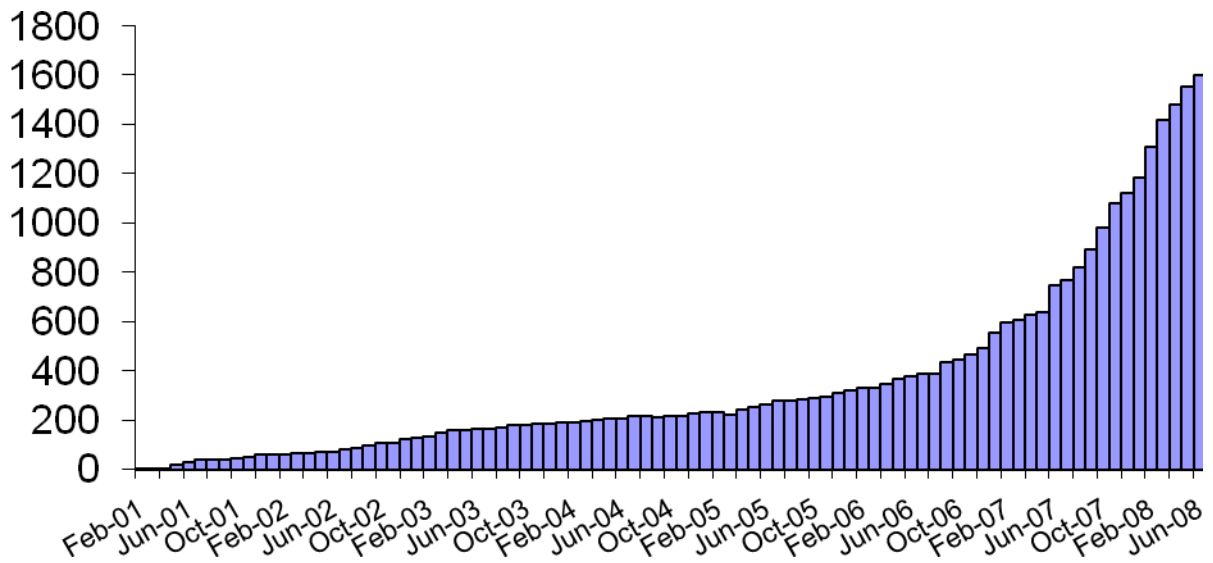


Figure 2 – Growth in number of MSC labeled products available since late 2000

The main drivers of progress to date have been as follows:

- The MSC has become acutely aware of the compelling nature of market demand. The market may not necessarily be at the store counter but may be the market place of public opinion. Corporate Social Responsibility is a growing area for companies to invest resources ([6], [7]) and is a significant driving force in the MSC's key market-priority, outreach countries (Japan, US and EU).
- Innovative marketing by either the catching sector or post harvest companies. As market demand has grown, some producers and suppliers have sought certification to seek a 'first to market' advantage.
- Improving community perceptions. Some fisheries operate in areas of high visibility to a public that is increasingly concerned about fisheries management. External, third party verification of the sustainability of fishing practices helps allay community concern.

Support for the work of the MSC has been unevenly distributed. Opposition to certification and labelling has come from a number of quarters:

1. Some environmental groups:

Environment NGOs are far from homogenous in regards to their opinions about commercial fisheries. Some incorporate strong views about wealth distribution into their concepts of sustainability, irrespective of whether the exploitation rates are sustainable or not. Others have strong views about particular gear types (e.g. benthic trawls, longlines, gillnets etc) and favour very low technology fishing methods. The MSC Standard is very much focused on biological sustainability and eschews making judgments about equity and flows of benefits. This has generated some criticism ([8]) which is understandable given internationally agreed definitions of sustainability that explicitly cover ecological, social and economic matters. The MSC view is that whilst it is feasible to generate assessments of socio-economic factors and fisheries it is difficult to set standards especially where there are a variety of fisheries operating within a given jurisdiction.

2. Some development NGOs

Standard setting, certification and labelling are activities that are more commonly associated with developed countries. Some developing countries take the view that standards are often set too high and the costs of verification are beyond the means of developing country companies and governments ([9], [10]). Setting high standards is believed to minimize the competitive advantage of developing countries in terms of labour costs. In addition there is the view that imposing certain methods of producing goods (e.g. fish) may well be a form of cultural imperialism as developed countries impose their views on how resources should be managed.

3. Some government agencies

In addition to articulating concerns about trade discrimination, governments, especially fisheries agencies, are concerned about perceptions associated with the (formal) outsourcing of judgments about the success of their management to third party, non government bodies. There are concerns about the differing demands of the small but growing number of ecolabelling programs and how these may conflict with each other and, more worryingly from a government perspective, how they may interact with government policies, especially in regards to wealth distribution.

4. Some industry groups

Industry groups have a variety of concerns about certification and labelling. Two key ones include costs and necessity. The latter relates to the view amongst many that if the industry operates under government law and the law mandates sustainable use then all production is, by logic, sustainable and thus external verification is unnecessary.

The MSC has responded to many of these concerns in the following ways, and continues to tune its systems to ensure that certification becomes as widely relevant as possible.

1. Compliance with international norms for the operation of certification and labelling systems: the MSC was created in accordance with relevant international standards (ISO Guides) and, following the creation of specific seafood ecolabelling guidelines by the FAO ([11]) the MSC made changes to its objections provisions and the operation of its accreditation function to ensure full consistency with the FAO. A key element of the FAO's concerns was to ensure that the MSC and similar programs complied with WTO expectations with regard to free trade. This has helped address concerns that certification and ecolabelling could become a significant trade barrier.
2. Maintained a commitment to a generic, output style of standard that is not prescriptive in terms of management approach (e.g. gear type, allocation method etc)
3. Streamlining of its fishery assessment systems: for the past two years the MSC has conducted a major review of its fishery assessment systems (Quality and Consistency Project) The aims were to reduce the level of subjectivity exercised by certification bodies undertaking fishery assessments and to reduce the time taken (and thus the cost) of conducting the assessments. A detailed description of this project can be found at http://www.msc.org/html/content_1297.htm (last accessed July 2008).
4. Creation of guidelines for the assessment of small scale and data deficient fisheries (GASSDD Project): the MSC has recognised for some years that many fisheries have been operating for any years if not decades and, by their longevity, are sustainable yet the data to support an assessment against the MSC Standard may not be available. A project aimed at creating a mechanism for assessing such

fisheries is nearing completion with the implementation of fishery assessments in Africa, the UK, Asia and Central America. See http://www.msc.org/html/content_1426.htm (last accessed July 2008). The new assessment system is based on the assessment of risk and follows the approach developed for the assessment of Australia's Commonwealth managed fisheries.

THE MSC AND DEVELOPING COUNTRY FISHERIES

Given the importance of the developing world in terms of seafood production (80% of global – [12]) the MSC has expanded its developing world program in terms of staff numbers and created a consultative committee to seek input from key stakeholders around the world. In addition to the existing certified fisheries in developing countries (South Africa, Argentina and Mexico) and fisheries in assessment (see GASSDD pilot project above) the MSC is also aware of fishery engagement with the first phase of the MSC fishery assessment process (known as pre-assessment) in Sri Lanka, Brazil, Chile, India, Vietnam, and members of the Forum Fisheries Council, amongst others. The MSC also has traceability certificates in developing countries (primarily in China and South East Asia).

As the MSC's engagement with developing country fisheries gathers momentum the MSC has moved to develop both more suitable funding models and capacity building programs for intending MSC clients. Some initiatives underway include a proposal to create a Trust Fund and related financial instruments to assist fisheries in seeking certification (in addition to the Sustainable Fisheries Fund currently in place – see www.resourceslegacyfund.org) and a guidance document to provide support for fishery clients in the MSC process. Efforts are also underway to develop a program to aid the application of the strategic assessment process to a wide range of fisheries in South East Asia with a particular focus on tunas, groupers/snappers, cephalopods and crustaceans.

The MSC has recently completed a market mapping exercise that has evaluated the flows of seafood from some developing countries to markets in developed countries. It then becomes possible to match supplies with companies that have strong CSR policies to ensure that market demand for ecolabelled product is transmitted to producers.

The market for sustainable seafood is growing in the Asia Pacific region. For example, the number of MSC labeled products available in Japan has grown from 0 to nearly 140 in less than two years. Labeled products have also grown in number in Hong Kong, Australia and New Zealand. Malaysia is about to have its first product – promoted in a major way by seafood company, Golden Fresh, which also has a strong CSR commitment. This company has created a major consumer awareness program, not just about its product but about the issues facing fisheries and the role of the MSC as a solution.

Other initiatives in the Asia Pacific region include:

1. Japan's first fishery in the MSC assessment process is nearing finalization. This is located in northern Kyoto prefecture and supplies snow crab and flathead founder amongst a number of other species taken by a variation of Danish seining.
2. In Vietnam the first fishery to be involved in the MSC program will be formally assessed in August 2008. Demand for MSC labeled products in the US and Europe has generated interest from several other fisheries and WWF Vietnam has finalized a review of community based fisheries that may be suitable certification candidates.
3. In the Pacific, in addition to the assessment of tuna fisheries in the waters of FFA member states, WWF has finalized a review of community based fisheries that may be good certification candidates.
4. The New Zealand government last year allocated NZ\$4.7million towards certification of fisheries and aquaculture. As part of this program the government is seeking to test its management system against the MSC Standard.
5. The first temperate water multi species, multi gear fishery was certified in the Lakes and Coorong district in South Australia.

STRATEGY EMPLOYED BY THE MSC

MSC's engagement with the developing world in Asia is based on

1. Developing a solid understanding of the role of developing countries in fisheries and the diversity of production systems, special needs and attributes of many countries in this category. For example, there is a great deal of diversity in terms of size of fishery, dependence of the local population on domestically produced seafood and investments in science and management, amongst many other factors.
2. Resolving technical assessment issues: as mentioned above the MSC has invested heavily in a new risk based assessment system. This has been trialled in a number of developing countries worldwide and will enable robust and credible assessment decisions despite the data poor nature of many fisheries which are not just limited to developing countries.
3. Understanding market flows: as mentioned above developing an understanding of market flows has been at the core of efforts to identify receptive markets for labeled products, thus contributing to market diversity and, potentially, higher financial rewards.
4. Creating partnerships: the MSC program relies on a complex system of voluntary collaboration whereby a number of players from fishers, through processors/wholesalers, retailers, agencies and others all align themselves towards a common goal. This is true in both developed and developing countries but the involvement of agencies such as development donors helps provide mechanisms for bringing people together.

5. Creating awareness: The MSC, within resource constraints, is providing information to governments, industry groups and other stakeholders on the role and value of the MSC and certification and labelling in general.

The region is large and complex but the MSC is increasing its staff commitment and this will see the strategy bear fruit in years to come.

SUMMARY AND CONCLUSIONS

The MSC has grown enormously in recent years as evidenced by the growth in both the number of fisheries seeking certification and the number of labeled products available.

As with any new initiative the MSC has confronted a wide variety of issues ranging from the technical (e.g. assessment methodologies) to the social (e.g. market acceptability, political views). There have been significant investments made to address these issues, such as a complete review of the fisheries assessment methodology.

The MSC has long recognised the importance of developing countries in the seafood supply chain and has been sensitive to the special needs of fisheries in those countries. Addressing the technical needs and some of the social considerations has taken time but there is little doubt that a major driver of engagement at the moment is the entrepreneurial nature of many participants in regional fisheries – the market for ecolabelled products is having an influence.

It has been encouraging to see the growth of regional markets for ecolabelled products, such as in Japan, a major destination for seafood products from within the region. As this grows the opportunities for developing country fisheries will also grow.

Marketing aside, the primary purpose of the MSC is to encourage better management. Linking management improvements to market diversification is a concept that is increasingly accepted and, in South East Asia, can only be of benefit to the harvest sector and the environment alike.

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